1:Stanford U. S-4, 5 1956 AF14 Central China AF14

the traditional political and social system. 177

But the causes of upheaval are not wholly attributable to the western impact. It coincided with a phenomenon which had been repeated many times over the centuries in China -- the decline of the ruling dynasty with an accompanying abuse of power and growth of disorder. 178

The internal and external forces for change were most acutely present in the Central-South Region. Kwangtung provided the top leadership and a great part of the manpower for the Taiping Rebellion, the Reform of 1898, and the revolutions of 1911 and 1923-27. The Communist movement drew its leaders primarily from Mao Tse-tung's home province of Hunan, and to a lesser extent from Hupeh.[21] Kwangsi and Kiangsi provided terrain favorable to the growth of illegal movements spawned in the neighboring provinces to the north and south. Significantly, Honan, at the center of traditional Chinese civilization, made little contribution to any of these movements.

B. The Key Role of Kwangtung

The prominent position of Kwangtung in the

21. R. C. North, Kuomintang and Chinese Communist Elites, Stanford University Press, 1952, pp. 65-71.

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first seventy-five years of this period of turbulence stemmed from the unique experience of the province in relation to the ruling Ch'ing Dynasty and to the outside world. Secret societies kept alive bitter memories of ruthless persecution in the early years of the Ch'ing Dynasty and schemes for restoring the previous Ming Dynasty. A small but significant part of the province's coastal population had long filled the atypical and despised role of businessman for the nation. From Kwangtung had also come the great majority of Chinese overseas migration. These emigrants sent letters home from Southeast Asia, the Americas, Australia, and Hawaii. Many returned with wealth and ideas acquired abroad. As a result, the Cantonese and their neighbors in the surrounding territory became aware of new concepts and the actualities of the outside world long before the rest of China began to doubt the superiority of the Chinese state and way of life.[22]

The coastal area of Kwangtung was also the first place in China to experience the adverse effects of the western penetration. The introduction of opium into the country by the British at the beginning of the nineteenth century turned China's trade from a favorable to an unfavorable

22. H. F. MacNair, China in Revolution: An Analysis of Politics and Militarism Under the Republic, Chicago, University of Chicago Press, 1931, pp. 6-7.

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areas to go to work on large-scale construction projects. In this region the following trends can be observed: 166

A. Migration to Industrial Centers

The Central-South Region has been designated in Peking's five-year plan as a center for steel and iron industries. Many cities in this region were marked for expansion. In early 1954 modernization and public works construction programs were started in the nine cities of Chengchow, Loyang, and Hsin-hsiang, in Honan Province; Wuhan and Huang-shih in Hupeh Province; Hsiang-t'an and Chu-chou in Hunan Province; and Canton and Chan-chiang in Kwangtung Province. (See chapter on Geographical Setting.) Of these cities, Huang-shih and Chan-chiang are both newly developed centers. Huang-shih, situated on the Yangtze River about fifty miles east of Wuchang, is the river port for the coal mines of Tayeh, and has been described as already having expanded from a one-street town to one of six streets in a few years.[7] In the city of Hsiang-t'an a new textile factory is reported to be under construction.[8] Toward these centers the migration of population in the region is generally oriented. 166 178

B. Labor Exodus to Construction Centers

Large numbers of workers and their families have been moving near the government-operated construction projects in this region. The partially completed Ching-chiang Flood Diversion Project in wes- 166 464

7. Jen-min Jih-pao [People's Daily], Peking, April 19, 1954, p. 2.

8. Ibid., February 21, 1954, p. 2.

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While societies like the Ko-lao Hui 575 aimed at the overthrow of the existing order, others like the Ch'ing-pang were utilized by the Manchu government to prolong its power by extralegal means. The Ch'ing-pang was originally organized among the boatsmen and the urban unemployed along the Grand Canal and the Yangtze River. It later spread to big cities and gained recruits among the city poor, handicraftsmen, apprentices, industrial workers, policemen, shopkeepers, self-employed, and even civil servants. Its highly organized strength provided a strong bargaining position for the support of politicians, warlords as well as capitalists. Even the Kuomintang leaders had to come to terms with the society in their campaign against the warlords, and the Japanese occupation forces during 1937-45 utilized Ch'ing-pang organizations to rout Communist underground agents.[7]

II. DISRUPTION OF THE TRADITIONAL SOCIAL STRUCTURE

Just as the scholar ideal and the family 178 ideal helped to preserve the stability of the

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7. Ibid., pp. 64-65.

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total social order of China, the disintegration of the traditional family system and the abolition of the imperial examination system for recruiting the ruling elite became contributing factors to the dislocation of the traditional social structure.

There was no change in the social composition of the rural population in the past several decades. As of old, the village community consisted of farm laborers at the bottom and landlords at the top. Peasant landowners and tenants constituted the bulk of the village population; and village peddlers, merchants, and artisans were members of peasant families, most of which owned land; the village gentry, that is to say the local leaders, were mostly retired officials or educated members of landlords' or rich peasants' families.[8]

However, the growth of rural population without a comparable increase in arable land together with more opportunities for employment in the cities caused the migration of some peasants to the urban centers. The continued high premium placed on learning, practical or otherwise, induced the wealthier rural inhabitants to send their children to city schools

8. Olga Lang, Chinese Family and Society, New Haven, Yale University Press, 1946, p. 68.

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which offered new opportunities. Thus, the cities became the centers from which the forces of change radiated into the surrounding countryside. 369 178

Some of the rural immigrants became permanent residents in the cities; others returned to their home villages. Among the permanent residents, some left their families in the country while others brought their immediate families (wives and children) to the cities. In either case, it meant the breakup of family and clan relations. Industrial work and other city employment changed the outlook of these rural people; new professions such as modern medicine, law, engineering, and banking attracted the attention of those who otherwise might have been occupied in the study of the Confucian Classics. This was especially true after Confucian training had been found impractical in a modern society and not in keeping with the changing conditions. Education in the secondary schools and universities, however inadequate and artificial it might seem, was designed for better citizenship.[9] Their curricula opened a new and different world, far more interesting and intelligible to the younger generation than the classics of old. If modern education had not 871 178

9. Hu Shih, The Chinese Renaissance, the Haskell Lectures, University of Chicago, 1933, Chicago, University of Chicago Press, 1934; Ssu-yü Teng and John K. Fairbanks, China's Response to the West, A Documentary Survey 1839-1923, Cambridge, Mass. Harvard University Press, 1954.

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always succeeded in giving new skills to the student, it at least had taught him not to be satisfied with his lot, but to look to the future rather than to the past for betterment. With the increase of schools, there emerged in the cities a considerable professional class and a large number of students cut off for years from their original environment. Students and intellectuals, seeking some common meeting ground, banded together, and with their newly-found organizations came a semblance of separate class consciousness. Although many students depended for their subsistence on their families, they had nothing to do with the cultivation or management of land. Alienated from the land and anxious to find a new channel of social advancement, the intellectuals were confronted with the problems of social disorder. Furthermore, in contrast to the situation in Europe during a comparable cultural period, when the landed aristocracy contested with the merchants, industrialists, and bankers for positions in the ruling elite, political power and economic power in modern China continued to be in the hands of a single group. When social mobility was made difficult by the lack of a clear and recognized channel for upward social movement, social roles were less clearly defined; the sons of high government officials became industrialists, bankers' sons became diplomats, and all owned land. Intermarriages between the new and the old upper-class elements were taken for granted. Modern intellectuals, mostly from middle-class families, were unable to obtain position and status in

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the new business or political hierarchy and yet were unwilling to return to their home villages. They had been too long removed from their original environment to feel anything but estranged from it.

Influenced by the idea of democracy which they had discovered in school, the intellectuals began to solicit support from the masses, a move which traditional scholars would not have considered. Robert North's study of Kuomintang and Communist leaders shows that the majority of them came from middle-class, land-owning, and merchant families and were graduates of modern schools.[10] The labor unions, the peasant associations, the rural reconstruction experiments, and the Communist Party became the milieu in which the intellectuals began their new careers.

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During this period of social and political disorder, military men began to gain power, obtaining offices by virtue of their military success. Rather than despising the military as the older scholars did, many intellectuals began to seek similar careers as a means to power. This tendency began with the opening of the Huang-p'u (Whampao) Military Academy in Kwangtung for the training of officers for the 1923-27 campaign against the warlords. In the

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10. Robert North, Kuomintang and the Chinese Communist Elites, Stanford University Press, 1952, pp. 116-121.

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war against Japan the prestige of military men was greatly enhanced. A military career has now become a major attraction to ambitious intellectuals as a possible channel for social advancement. Chiang Kai-shek and Mao Tse-tung, who owe much of their popular success to their military skills, suggest the prestige granted military men in the modern period. 701 178

III. SOCIAL STRUCTURE UNDER THE COMMUNIST REGIME

The Chinese Communists interpret the existing social structure from a Marxist viewpoint, and extoll the ideal of a classless society. Their belief that the transition from a class society to a classless society is inevitable justifies the liquidation of certain surviving classes. 565 668

A. Class Differentiation among the Chinese Population

In his book On the People's Democratic Dictatorship (1949), Mao Tse-tung divided Chinese Nationals into those who because of their anti-revolutionary character and their "crimes against the Chinese nation" were deprived of the right to be numbered among the People, and those who were to enjoy the rights of the People. In the first group were included the Kuomintang leader Chiang Kai-shek, "bureaucratic capitalists" such as H. H. Kung and T. V. Soong, "feudalistic" landlords, and a host of other anti-Communist leaders. The

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contained in the classics and their commentaries was the prerequisite to success in the imperial examinations. 156 668

The Communist regime has found it necessary to promote as replacements for the old ruling group Communist-reformed and Communist-trained administrative, technical, and scientific personnel. Compared with traditional social movement, that which is in favor under the present regime does not spring from ideals embodied in Chinese culture but from expedient manipulation by the Communist Party. 668 178

The development of industry, waterway and irrigation projects, the settlement of the Northwest, and the nationalization and collectivization of many enterprises may conceivably absorb a good portion of the ambitious younger generation. If social movement continues to depend on Party loyalty, purges may be used to secure loyalty, to provide a flow of scapegoats for the many grievances which accumulate under a totalitarian system, and to furnish opportunities for advancement for the coming generation, whose continued devotion to the regime is crucial to its survival. But to date in the Central-South Region the purge of local cadres and officials at the regional level has been limited to the elimination of "old social elements" rather than to the "revolutionaries" themselves.[11]

11. Consult the study of Political Dynamics in this handbook.

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systems in the twentieth century.

III. THE CHANGING FAMILY

A. Influence of Modern Technology

The transition which occurred in the traditional Chinese family from approximately 1842 to the advent of the Communist regime is traceable to three major influences: (1) modern technology with its attendant factory system and modern business organization; (2) the new enviroment consisting of rapid transportation, modern government education, rural education organizations, and modern books and periodicals; and (3) the revolutionary political and social ferment which followed in the wake of the Western penetration of China. Change came first and most penetratingly in the ports, which were initially influenced by Western trade and later by the growth of native industry centered on those cities. The same influences also reached into the rural environs of the city ports in the decades before World War II. The great mass of the Chinese people -- the population of the traditional villages, towns, and cities in the interior -- felt the modern impact only in minor ways, if at all.

The first influence of modern technology in China came in the form of an influx of manufactured goods. Their availability at cheap prices changed the consumption and production habits of the family. Articles formerly made at home were bought with cash, necessitating new types of spare-time or full-time occupation removed from the family sphere.

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Much more important in effecting a change in the old family pattern was the introduction of modern factory and business methods into China. For one thing, it organized economic activity on a non-family basis. Persons from rural areas attracted to the city by the opportunity to earn an independent income or the necessary supplement to the family's farm income were forced to make their homes near their jobs for at least a part of the year. Either permanently or temporarily they were removed from direct family control and subjected to the new ideas associated with industrial society everywhere.

Another consequence of the factory and business system was a new criteria for employment. The efficient operation of modern production and management required that personnel be hired on the basis of the possession of such skills as a particular job demanded rather than on the old basis of personal or kin relationship to the owner or responsible management. The solidarity of blood relationship and the old employment function of kinship were prime resistants to the spread of modern business enterprise in China, but where the latter succeeded in establishing itself, it forced a fundamental break in the old Chinese familial process.

B. Influence of Modern Environment

In many places where the Chinese population was sheltered from direct contact with modern industrial life, an indirect influence was exerted

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by the environment. The modern curriculum taught in foreign missionary schools in the late nineteenth and the twentieth centuries was approximated by the new government schools and offered to a broader segment of the population in the decade before World War II. New social, political, and economic ideas thus disseminated were supplemented by the outpourings of the press. Some rural villages formerly a day's journey or more away from the nearest great city were brought hours closer by modern methods of transportation, particularly the railroad and the steamship. All these media brought the people and especially the young into contact with ideas and ways of life alien to their own. Awareness of new opportunities, comforts, and pleasures to be had in the modern city planted a seed of dissatisfaction with the old manner of living.

C. Influence of Revolutionary Thought

An even more disturbing influence in the old way of life was the increasing spread of revolutionary social and political doctrines after 1916. The monarchical reformer K'ang Yu-wei had brought the traditional family under attack as early as 1898 by castigating the "virtues" associated with it as either non-existent or harmful to society. These ideas did not achieve any widespread currency in China until the rise of the New Culture Movement in 1916, a revolution in Chinese thought and expression. It emphasized individualism, the equality of the sexes, and the duty of service and loyalty to the nation. Ideas

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of this sort were spread by the May Fourth Movement of 1919, in the revolutionary propaganda of the Kuomintang during its struggle for power in the mid-twenties, by the student anti-Japanese agitation of the thirties, and in the socially conscious writings of China's new and popular authors. 596 178

D. Effects on Family Nature and Structure

In the relatively small area where these influences were felt, traditional family organization and the roles and functions dependent on it were forced to give way. With a part of the family temporarily or permanently in the city, the authority of the traditional family head was undermined. He was still needed at home to carry on the farm work, and so it was generally the daughters, the sons not needed for agriculture, and occasionally, the wives who entered the cities to seek part-time or full-time work. They sent home from the cities whatever part of their wages that could be spared from their own living needs. The family head thus controlled only their excess earnings and not their full income. He no longer directed the production of the family as a unit nor determined wholly every member's share in consumption. For at least part of the year, he could exert no direct control over the city-dwelling members of the family. With the possibility of an independent livelihood in the city, adult family members in nearby villages had an alternative to harsh treatment by the family head. This factor tended to have a moderating influence on patriarchalistic authoritarianism.

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been slowly disintegrating under manifold pressures. 511
In prosperous periods in the past a delicate balance 182
of human and economic factors fostered a crowded, conformist, but on the whole, harmonious village life. Recent decades have seen the old harmony replaced by tension and a predatory struggle for survival. And, despite the isolation of most villages, ideas and ideals from the West have slowly undermined the authority of the older mores and customary laws.

Despite all the fissures that have developed, it 178
is well to remember that peasant life everywhere has a tremendous inertia, that it is incredibly resistant to all the forces of change. Thus, much of the sweeping change that occurred in city life under comparable pressures did not occur in the peasant villages.

The main economic and social unit of the village 527
is the family, and a special study is devoted to that 262
subject. Here we shall sketch the rhythm of village life and something of its annual cycle of activity.

The New Year holiday, for the people of China the first fifteen days of the year, is the main period of leisure for the villagers. Food is prepared in advance, and even the women may rest from their cooking during the first five days of the holiday. The town is decorated with nien-hua (New Year's pictures) and ch'un-lien (paired New Year's Day mottoes). Visiting friends and relatives, gambling, eating the best food of the year, wearing the best clothes, and indulging the children make this the most festive period of the year. For many familities it is the only time in the year when they can afford to eat meat dishes. The

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II. BASIC ATTITUDES

One of the principal reasons for the stability and long life of the old order in China was its social homogeneity. The imperial government fostered uniformity of attitudes and values, and Chinese statemen believed this to be a more binding, durable, and cheaper cement for the imperial order than governmental coercion. Old China was primarily a way of life, a system of values and attitudes, and on this premise the state was organized. A foreigner who wished to become "naturalized" had only to show that he accepted Chinese attitudes and values; this he did by adopting Chinese dress and speech and patterns of behavior. 181

This characteristic of the old order is one of the reasons why we find no important regional variations in basic attitudes. The other reason is that the Communist government is as determined, in enforcing a uniformity of values and attitudes, and far more resourceful, than was the imperial government of the past. 181 668

There are, however, certain local variations in temperament and ethos which affect, to a minor degree, the basic attitudes and values. A few of these will be noted. For the variant attitudes and values of ethnic and religious minorities, see the chapters on Ethnic Groups and Religion.

There have been profound changes in basic attitudes over the last century and particularly during the last five years. Change has been brought about by 181 668 178

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two factors. The first is the disintegration of the old social and political order resulting from its failure to adapt itself to the problems and pressures of the modern world. Consequently, people became critical of the older attitudes and, in increasing numbers, adopted newer "modern" attitudes and values which were considered better suited to a modern China. The second is the power of the Communist state which, in the last five years, has been used to inculcate a new and uniform set of values and attitudes.

These two factors are closely inter-related. Thus the Communists have been making a systematic use of individual and group-dissatisfaction with the old order to inspire and promote the acceptance of the new attitudes and values; the latter's appeal has been particularly strong with youth -- especially adolescents -- and with women who have been taught to regard the old social order as tyrannical and oppressive. The following will illustrate this last point:

> Co-operative agriculture has organization,
> and women are not left out.
> In the old society we were badly mistreated,
> but the new society teaches friendship
> and love.[1]

In addition to capitalizing on discontent, the Communists have been making a peculiar use of traditional attitudes and values. Certain values from the old order still have a strong emotional appeal for the Chinese people. And the Communists seek to make the new order more acceptable by associating some of its elements with selected elements from

1. Fu-nu San-tzu Ching [Three-character Classic for Women], Hsin-hua Publishing House, 1950, p 21. Three-character rhymed verses were widely used in traditional China for indoctrination of the young.

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The two patterns -- paternal domination and fraternal association -- are reflected in political life. Established governmental authority is of the paternal type; everyone is subject to the will of the emperor-father. But dissident movements are organized on the basis of the brotherly friendship pattern; the romantic rebels of Chinese novels, the organization of bandit gangs, the leadership of rebel armies are all bound together by ties of friendship and blood brotherhood.

When the old social order began to break up under the impact of modern forces, the family system was undermined and began slowly to disintegrate. Chinese critics held that the old family stifled individuality, prevented the development of individual initiative vital to modern China, and that it was a breeding ground for authoritarianism, hindering the development of democratic citizenship. They also felt that a new kind of individual was needed, and that the family system prevented its birth.[25]

The Communists are developing a new image of the individual and a new relationship between the individual and authority; in doing this they are using certain of the old family ideas and, capitalizing on dissatisfaction with the old family system, they are releasing the individual from his bonds and pushing him into a new system of human relations.

The Communists have paid particular attention to the groups which suffered most under the old family: women, particularly younger women, such as daughters-in-law, and adolescents. Bitter denunciations of the tyranny of the old family system by dramatizing its

25. Cf. Theodore Chen, "New China, New Texts," Current History, No. 19, 1950, p. 325.

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[facing p. 689 (a)]

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may be questioned, especially in regard to the economic feasibility of recovering all the iron and coal deposits which may not be readily available. Although it is entirely probable that new discoveries have also boosted the known deposits in Central-South China, the region's relative share of iron ore and coal reserves, with respect to the other regions, has probably actually declined. Of the new discoveries reported, the P'ing-hsiang coal field in Kiangsi has been more frequently mentioned,[7] and there is a possibility that new ore bodies may have been found at Ta-yeh (Hupeh Province), the iron and steel center of Central-South China.

The First Five-Year Plan

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In spite of the fact that the Ta-yeh iron and steel plant was established as one of the first modern industrial enterprises in China, and that iron ore mined in this area was exported to Japan before World War II, the region's relative scarcity of iron ore and coal have had a decisive influence in molding its industrial development, quite apart from the general backwardness of China's heavy industries. With the exception of the mining of non-ferrous and other metals, primarily for export, the region has few industrial centers other than Hankow (now a part of Wuhan) and Canton, and few industries other than light manufacturing, such as cotton textiles, sugar-refining, and tobacco-curing. Since most sections of the provinces in the Central-South Region were under Japanese occupation during World War II, the impetus given to Free China's industry in the Southwest by the demands of war was largely absent in the Central-South. On the other hand, the Japanese also failed to develop industry in this area

7. China News Service, Nan-ch'ang, Dec. 28, 1952.

with any great intensiveness. So far, this general situation has not improved under the present regime. 178.

According to one compilation, industrial development projects in the Central-South Region under the First Five-Year Plan include the expansion or construction of (1) the Ta-yeh Iron and Steel Works, (2) a manganese mine at Hsiang-t'an (Hunan Province), (3) antimony mines at Hsi-k'uang-shan (Hunan), (4) the Wu-ch'ang (part of Wuhan) shipyard, (5) ordnance plants at Han-yang (part of Wuhan) and Ch'en-ch'i (Honan), (6) power plants at Chengchow (Honan), Chu-chou (Hunan), and Ta-yeh, and (7) the Chiao-tso coal mine in Honan.[8] In addition, a heavy machinery plant may be planned in the Wuhan area.[9] Several new cotton mills have been built at Chengchou and Hsin-hsiang in Honan, Hsiang-t'an in Hunan, Nanchang in Kiangsi and Wuhan in Hupeh.[10] Although a number of manufacturing plants are under construction in this area, it is clear that the Central-South Region is not envisaged as a major base for Mainland China's heavy industries on a part with Manchuria and North China, especially if we bear in mind the small number of large industrial enterprises which were in existence in this region prior to the establishment of the Communist regime.

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8. Yuan-li Wu, op. cit., pp. 265-69.

9. Cheng Ch'u-yüan, Chung-kung Wu-nien Chi-hua P'ou-hsi [An Analysis of Chinese Communist First Five-Year Plan], Hong Kong, 19555, pp. 43-44.

10. Yuan-li Wu, op. cit., p. 307.

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pounds each) daily capacity (24 hours).[40] Actual production in the early phase of Communist rule, however, lagged behind the industry's potential capacity.

Finally, the tobacco industry of Honan Province is concentrated in the Hsü-ch'ang area. There were reported to be 172 tobacco manufacturers in the Central-South Region as a whole; production in 1949 approximated 10 per cent of the country's total output. This latter figure excludes the smaller producers and refers only to tobacco produced locally in the Hsü-ch'ang area.

Conclusion

The above review of individual industries, while necessarily brief and sometimes incomplete, nevertheless points out quite unmistakably the relative backwardness of the Central-South provinces, even for a country like Communist China, in industrial development. That industrial backwardness may carry with it certain advantages for the Communists' efforts to socialize private business will be discussed in the following chapter. However, it would appear that for some time to come the Central-South Region will remain a primarily agricultural economy. Wuhan, Canton, Chengchow, and Hsiang-t'an are known as major industrial centers, but the region as a whole will continue to be dependent industrially on other regions of China.[41]

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40. China's Industry, Vol. II, No. 6, Shanghai, October 1950, p. 4.

41. [See following page.]

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41. Industrial development in the Central-South Region is subject to the same national system of planning as is found in other regions of China. Consequently, no separate discussion of the planning system has been made. For reference, see Yuan-li Wu, op. cit., Chapter VI, pp. 192-237.

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SOCIALIST TRANSFORMATION OF PRIVATE INDUSTRY AND COMMERCE [1]

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Central-South China has two important industrial cities: The Wuhan tri-city, composed of Hankow, Wuchang (The capital of Hupeh Province), and Hanyang (on the left bank of the Yangtze and the right bank of the Han River), and Canton, capital of Kwangtung Province.

Both Wuhan and Hanyang have been noted as the birthplace at the turn of the century of Chinese state-owned industry. The first modern blast furnace and steel mill in China were built in Hanyang; and cotton, ramie, and silk textile factories were constructed in Wuchang. At the same time, the development of private industry in the tri-city lagged far behind that of Shanghai and Tientsin. Before China's War of Resistance against Japan, the main private industries were the manufacturing of cotton textiles and machinery, flour milling, the production of tobacco, and match manufacturing. The number of spindles of cotton yarn produced amounted to only 11 per cent of the amount produced in Shanghai; the production of flour mills was only 10 per cent that of Shanghai; the machine manufacturers and tobacco and match [2]

1. Unless otherwise indicated, statements in this chapter are based on private information of the author, Dr. K. N. Chang.

2. Mei-yuan Yun-yung Wei-yuan-hui Mien-hua Hsiao-tsu Wei-yuan-hui Tiao-ch'a Pao-kao [Statistical Report of the Cotton Commitee of the Council for United States Aid], Taipei, 1948, p. 22; Chung-kuo Ching-chi Nien-chien [China Economic Yearbook, 1935], Commercial Press, Vol. II, pp. L4-8.

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factories were all poorly capitalized and equipped. This flimsy foundation of private industry, partly destroyed and dismantled during the war, had recovered to only half of its pre-war level when the Communists took over the tri-city.

Canton, although it was the first port opened to foreign trade, was also backward in industrial development. Though there were more small private industries in Canton than in Hankow, such as rubber-goods manufacturing, household cotton weaving, small-machine shops, electrical-equipment manufacturing, tobacco-and match-manufacturing, and vegetable-oil refining, very few of them had been equipped with fair amounts of capital. Besides Canton, there are two minor industrial cities in Kwangtung Province. Swatow and Chiang-men (Kongmoon), the former being known for embroidery and the latter for its modern paper mill. Hainan Island lacked any important private industries.

In the provinces of Hunan, Kiangsi, Honan, and Kwangsi, a few private industries of moderate size which had existed before the war were either damaged by the war or dismantled and removed. Least affected by the war were hundreds of small rice-milling establishments in Changsha, Hunan Province, and in Nanchang, Kiangsi Province; a great number of small cotton-ginning factories in Chengchow, Honan Province; and many small tobacco-curing factories in Hsü-Hsien, Honan. Kwangsi, poorly endowed with natural resources and lacking in private capital, had few private industries.

The lack of political stability and of sea transportation facilities were the main causes of the slow

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development of private industry in Central-South China. However, there are special reasons for the backwardness of Kwangtung Province, although it enjoys the advantage of being located along the sea-coast First, the free port of Hong Kong is at the door of Canton, and manufactured goods of any kind and origin are obtainable there. Thousands of travelers daily between Canton and Hong Kong can bring in small quantities of goods as their own possessions, and the long coastline facilitates smuggling. Under these conditions it was difficult for infant industries to survive. Secondly, there was a sharp contrast of political atmosphere between Canton and Hong Kong. Canton, the cradle of revolution, has had incessant political disturbances. In Hong Kong, peace and order reigned and the rights and interest of private enterprise were adequately respected and protected, which helped to attract Chinese investments. Thirdly, excessive taxes imposed by the local government frightened domestic capital away from investing in industry; instead, it was kept in foreign banks in Canton or Hong Kong.

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The small number of manufacturers and the larger proportion of small to big factories made it both easier and simpler for the Communists to transform private industrial enterprises into joint state-private concerns in Central-South China than in East China. The government was relatively little concerned about capitalist sabotage, the lack of co-operation of entrepreneurs and technicians, and the need for great amounts of working capital. Moreover, the process could be quickened by the amalgamation of the small factories The rapid progress of transformation was shown by the fact that during July 1954 the proportion of industrial output of private industry in Central-South China was reduced